



**YWCA Greenwich
Testimony on SB 1086
An Act Concerning Coerced Debt
Banking Committee
February 28, 2023**

Senator Miller, Representative Doucette, Senator Berthel, Representative Delnicki, and members of the Banking Committee.

YWCA Greenwich's mission is to eliminate racism, empower women, and promote peace, justice, freedom, and dignity for all. We are the only state-designated provider of domestic abuse services in the Town of Greenwich, providing life-saving services to victims of domestic violence. Services include counseling, safety planning, emergency shelter, court-based advocacy, and assistance with securing basic needs, among others. We are a member organization of the Connecticut Coalition Against Domestic Violence (CCADV).

We urge your support of Senate Bill 1086, which provides simple solutions for coerced debt, a form of economic abuse that acts as a powerful control tactic to keep victims of domestic violence tied to their abuser.

A growing body of national research confirms that almost every survivor of domestic violence has experienced economic abuse. Economic abuse takes many forms, all of which can be categorized into three main ideas: preventing resource use (e.g., preventing access to family income or assets), preventing resource acquisition (e.g., preventing employment or education), and exploiting a partners' resources (e.g., coerced debt). Coerced debt can also take many forms. It can involve forcing a partner to file fraudulent legal financial documents or overspend on credit cards. An abusive partner may incur debt without the survivor's consent or coerce a survivor into incurring debt through threats of harm. The debt and poor credit score resulting from economic abuse can have long-term consequences for survivors, creating barriers to education, housing, and employment.

A victim of domestic violence we will refer to as “D,” reached out to our agency for support as she was considering leaving her abusive partner. In addition to regular threats of physical violence and verbal abuse, her husband was extremely controlling and monitored her whereabouts. D described her husband as “nervous about money,” and reported that he had kept all their financial information from her and that she had no idea about what they had or what they owed. After consulting with an attorney, D discovered that her husband had assumed debt well over \$200,000 in her name – without her knowledge. Because of this significant debt and the fact that no loan payments had ever been made, D’s credit score was ruined. D entered our domestic violence shelter when she was ready to flee her abuser. When it came time for her to transition into independent housing, D’s low credit score resulted in her being rejected by many, many potential landlords. With our advocacy, she eventually was able to sign a lease and ultimately declared bankruptcy. While the bankruptcy status helped with the outstanding debt, D’s financial security will be impacted for years.

To build the financial security necessary for long-term safety, survivors need support in both safeguarding their finances and recovering from the financial devastation of economic abuse. Senate Bill 1086 would play an important role in helping survivors attain economic security by providing them with critical consumer protections. It provides survivors with a clear path to have coerced debts removed from their credit reports, protecting their credit worthiness, and allows them to avoid the negative impact of debts that should be the liability of their abuser.

The bill proposes a definition of coerced debt and establishes a clear list of documentation that survivors can present to both consumer collection agencies and credit rating agencies to prove that a debt, or portion of debt, was incurred as a result of duress, intimidation, threat of force, force, fraud, or undue influence. Upon receipt of such documentation, a consumer collection agency would be required to cease collection of the coerced debt from the survivor, but the proposed language makes it clear that the agency is not prevented from pursuing collection of the debt from the individual who is found to have incurred the debt (e.g., the abuser). The bill also requires credit rating agencies, when presented with documentation that a debt is coerced, to reinvestigate that debt, and upon a determination that the debt was coerced, remove any reference to that debt from the survivor’s credit report.

At its core, domestic violence is about control. Abusers do not want their victim to leave and they know just how effective it is to essentially financially drown their victim, leading the victim to feel like they can’t survive on their own. Credit ratings that have been tarnished by economic abuse, and coerced debt in particular, result in longer shelter stays, survivors returning to their abuser, or calculating that they can’t afford to leave in the first place. Employers, landlords, and utility companies make extensive use of credit histories during screening. Credit abuse is a tactic that abusers use to maintain control over their victim because they understand that without a job, rental housing, reliable transportation, and basic utilities, it is almost impossible for a survivor to be economically stable, secure, and independent.

YWCA Greenwich serves nearly 650 adults, teens, and children faced with domestic violence annually, and many report feeling trapped by the years of economic abuse they have experienced. It is critical that we take steps to give survivors the support and resources they need to keep themselves and their children safe. Given the prevalence of economic abuse, that means making relief from coerced debt a part of the safety net. We believe this bill does just that and we urge your support.

We thank the committee for their consideration and opportunity to provide written testimony.

Sincerely,

YWCA GREENWICH

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